GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5257
ANSWERED ON:28.04.2000
CREDIT DEPOSIT RATIO OF BANKS
RAM SAGAR

Will the Minister of FINANCE be pleased to state:

(a) whether there has been decline in the credit deposit ratio and customer service of public and private sector banks;

(b) if so, the reasons thereof;

(c) the number of instances that have come to light where banks have refused advances to the middle and lower middle class people in public and private sector banks; and

(d) the action the Government propose to take against such banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V.DHANANJAYA KUMAR)

(a) and (b): Reserve Bank of India (RBI) have reported that the credit deposit (CD) ratio of scheduled commercial banks was 57.3 per cent in March 1997, 55.5 per cent in March 1998 and 55.49 per cent in March 1999. The decline in the CD ratio is mainlydue to the larger increase in deposits as compared to the increase in credit. The other reasons for declining CD ratio are low credit absorption capacity of some of the States, lack of adequate infrastructural facilities and low recovery of the banks.

As regards customer service of banks, there is no information about its decline. However, banks are advised by Reserve Bank of India from time to time to maintain good customer service.

(c) and (d): RBI have reported that they do not have any information regarding refusal of banks to provide advances to middle and lower-middle class people.